

Finding the Most Cost-Effective Mix of Manpower

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Outline

- Background
- Getting Manpower Costs “Closer to the Bullseye”
- Current Costing Mechanisms
- Proposed Manpower Cost Mechanism
- Challenges

Background

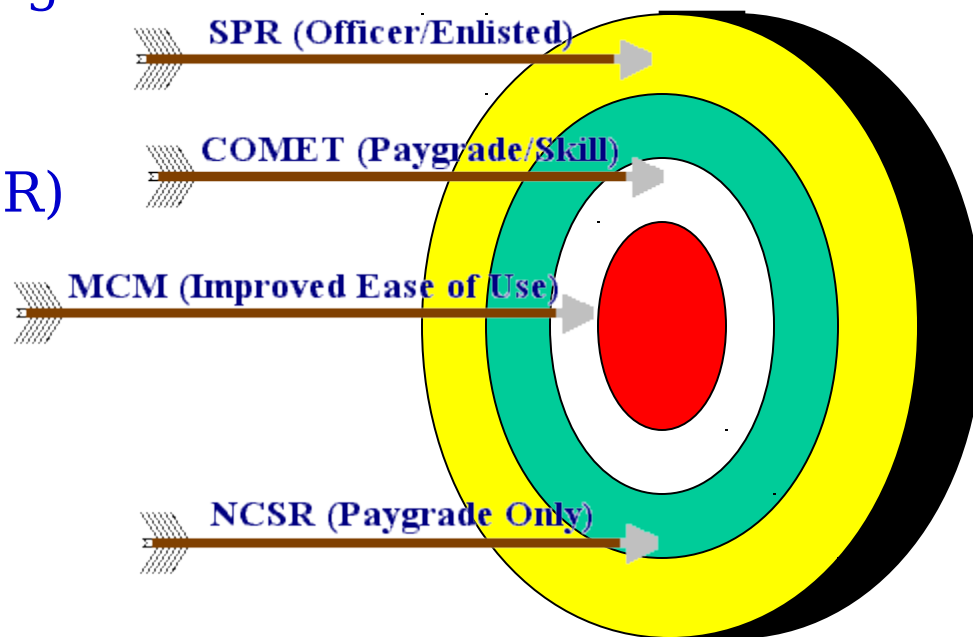
- Increasing emphasis on finding right manpower mix (Active, Reserve, Civilian, & Contractor)
 - We (Navy) must balance our inventory of people with valid billets requirements, reduce the overhead in the officer and enlisted personnel accounts, and validate proper active/reserve/civilian/contractor workforce mix.***
 - Revised A-76 guidelines
 - CBO March 2003 Budget Options
- Focus as well on right mix of manpower hardware and technology in acquisition process
 - Most bang for the buck in tight budget environment
- Current manpower costing systems view of Naval Personnel speaking before the Senate Armed Services Committee on 11 March 2003
 - Biases answer to more people, more senior, more experienced mix
 - No incentive for/ability to conduct cost-benefit analyses for modernization initiatives

Getting Manpower Costs “Closer to the Bullseye”

- Manpower cost estimates must be
 - Comprehensive
 - Include total taxpayer cost of filling job
 - Consistent
 - Methodology comparable across all types of manpower
 - Granular
 - Realistically estimate cost differences by paygrade and skill
- Include *variable indirect costs*
 - Costs of acquiring, training, locating and supporting

Current Costing Mechanisms

- Standard Programming Rates (SPR)
- Navy Composite Standard Rates (NCSR)
- Cost of Manpower Estimating Tool (COMET)
- Proposed Manpower Costing Mechanism (MCM)



Cost Example

Generic Submarine Inspection Group (FY 2001

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Rank	Pavgrade	SPR Cost	NCSR Cost	COMET Direct Default Cost	COMET Direct "Actual" Cost
CAPT	O-6	\$88,963	\$141,943	\$152,015	\$168,184
CDR	O-5	\$88,963	\$121,485	\$124,824	\$143,141
CDR	O-5	\$88,963	\$121,485	\$124,824	\$143,141
LCDR	O-4	\$88,963	\$103,253	\$107,322	\$124,395
LCDR	O-4	\$88,963	\$103,253	\$107,322	\$124,395
LCDR	O-4	\$88,963	\$103,253	\$107,322	\$124,395
ETCM (SS)	E-9	\$39,312	\$79,543	\$93,036	\$91,947
EMCS (SS)	E-8	\$39,312	\$67,656	\$79,835	\$78,810
MMCS (SS)	E-8	\$39,312	\$67,656	\$79,514	\$78,703
ETC (SS)	E-7	\$39,312	\$58,434	\$70,199	\$69,174
EMC (SS)	E-7	\$39,312	\$58,434	\$69,513	\$68,583
YNC (SS)	E-7	\$39,312	\$58,434	\$65,145	\$63,767
PN2	E-5	\$39,312	\$43,034	\$45,358	\$43,770
YN3	E-4	\$39,312	\$35,764	\$37,881	\$37,254
Total		\$848,274	\$1,163,627	\$1,264,110	\$1,359,659

Proposed Manpower Cost Mechanism

- Web-based manpower cost tool providing paygrade/skill/type-duty granularity
 - Limited user customization options
 - Easy access to view, print and download rates
 - No software downloads/training needed
 - Low cost to maintain
- Costs based on most recent fiscal year's actual outlays

Sample Screen

FY 2003 Dollars

Navy Manpower Cost Mechanism

Select New

Export

Print

Enlisted Costs

Rating	Paygrade							
ALNAV	E1-E3	E4	E5	E6	E7	E8	E9	
All Duty								
Sea Duty								
Shore Duty								

Copy

FAQs

Help

Select New

Export

Print

Warrant Officer Costs

Designator	Paygrade			
ALNAV	W2	W3	W4	W5
All Duty				
Sea Duty				
Shore Duty				

Copy

FAQs

Help

Select New

Export

Print

Officer Costs

Designator	Paygrade						
ALNAV	O1	O2	O3	O4	O5	O6	FLAG
All Duty							
Sea Duty							
Shore Duty							

Copy

FAQs

Help

MCM Expandability

- Could link to an Activity Manpower Document (AMD) database
 - Requires NAVMAC/TFMMS interface
- Allow analyst to quickly derive annual MPN costs of enlisted, officer and unit costs (AoAs, A-76 and BRAC uses)
- Provide accurate replacement costs for ROI tradeoff analyses

Challenges

- Getting the “variable” in Variable Indirect Costs
- Officer training and acquisition costs
- Civilian training and acquisition costs
- Contractor cost estimates
- Consistency with other Services

Backup Slides

CBO March 2003 Budget Option

- Replace 20,000 uniformed military personnel in certain support jobs with civilian employees of the Department of Defense (DoD)
 - Some jobs that one service considers "military essential" but the others do not and some functions that clearly could be open to civilians
- Successfully converting 20,000 positions could save \$191 million in outlays in 2004 and \$3 billion over five years
 - Greater savings possible if some positions were deemed eligible for competition with contract personnel